3 1761 07488436 2

EcC
M6893

Modern business lectures.

No.1,3-10, 12,13, 15-17, 19-24

EoC
M6893
Modern business lectures

THE CREATION OF A SELLING ORGANIZATION

By CHARLES MILLER

MODERN BUSINESS
LECTURE No. 7

ALEXANDER HAMILTON INSTITUTE
NEW YORK

The Creation of a Selling Organization

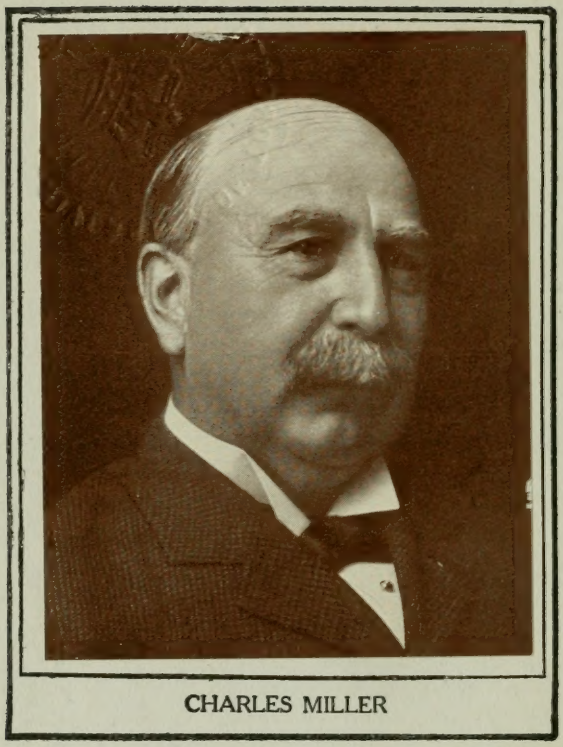
By
CHARLES MILLER
Chairman of the Board of Directors,
Galena Signal Oil Company

One of a Series of Modern Business Lectures
Especially Prepared for the
Alexander Hamilton Institute

R3R893g
1.6.R9.

ALEXANDER HAMILTON INSTITUTE
NEW YORK

Copyright, 1917, by Alexander Hamilton Institute



CHARLES MILLER

CHARLES MILLER

General Charles Miller is widely known, particularly among railroad officials, as "the greatest salesman in the world." He was born of Huguenot stock, on June 15, 1843, at the quaint little village of Oberhoffen, in Alsace. When eleven years old, he came to this country with his father, who settled on a farm near Boston, Erie county, N. Y. In 1861 he enlisted in the 74th Regiment of the New York National Guard and saw active duty in New York and Pennsylvania. He passed his examination for second lieutenant in the regular army so creditably that he was offered a commission as first lieutenant. After the war he engaged in the dry goods business at Franklin. In 1869 he organized the Galena Oil Company, of which he was made President, and began the manufacture of railroad lubricants by a new process. He converted the business into a science with the result that his oils are now used exclusively on a majority of the steam railroads of the United States and Canada; also those in South America and on many European lines.

In recognition of his services to industry and commerce, and in appreciation of economies in lubrication effected on the state railroads of France, the French government made General Miller a Chevalier of the Legion of Honor. At home he has been accorded many honors in the way of high offices. He has been Commander of the G. A. R. of Pennsylvania, and from 1900 to 1906, when he went on the retired list, he was Major-General of the Pennsylvania National Guard. Bucknell University has conferred on General Miller the degree of Master of Arts in recognition of his distinguished services to the cause of education. The little city of Franklin has profited greatly from his fine public spirit. For many years General Miller has maintained a free night school, with excellent instructors in all branches, from which 200 pupils are graduated every year.

NOTE:—This Lecture, which is based upon the author's ripe experience in his special field, should be read in the light of the Modern Business Text, and should be studied as an authoritative message from the field of present-day business activity.

THE CREATION OF A SELLING ORGANIZATION

By

GENERAL CHARLES MILLER

The first essential to the creation of a successful selling organization is that it be recognized as the most important part of the business. This is true without regard to the price of the product which is to be sold, its quality or quantity. Disregard of this fact has caused many failures. Articles possessing unusual merit frequently go down unheard of in the swallowing sea of competitive commerce because their disposal has been entrusted to sales organizations devoid of merit, whereas inferior articles often obtain a wide market by reason of having a good sales organization behind them. There is no concern so big, nor is there one so small, that those who are responsible for its success can, without courting disaster, do other than give their best thought, their greatest energy and their closest personal attention to the sales department. Economy of manufacture, or, in the case of a wholesaler, close and careful buying, are things which should be both desired and accomplished, but they will count for little unless there is created a sufficient demand for the goods to make possible the distribution of the fixed charges over a large output. Our

greatest manufacturing and mercantile concerns are great, chiefly because they have mastered the art of marketing their products with a maximum of return at a minimum of expense.

It is important that the man directly in charge of the sales department should himself be a successful salesman. If the president of the company is qualified for this position, so much the better; in any event, it should generally be filled by an officer, with title and authority no less than that of a vice-president, if the best results are to be attained. Not only does this insure that close personal supervision which the management should always exercise, but it dignifies the department with the result that the men in it will take a greater pride in their work and in their organization than they are likely to take if they were working under a salaried employer.

The man at the head of this branch of the business, no matter what his other qualifications, must have had actual selling experience, or he will be unable effectively to direct his agents—the men who actually sell the goods. He must himself have tramped the hard road that leads to success—perhaps weary and worried at times, but always hopeful—if he is to fill successfully the role of "guide, philosopher and friend." Lacking such experience, he will be unable to point the way for his subordinates thru the difficulties they are certain to encounter; it will be impossible for him to encourage them with recitals of his own experience that will carry them safely over the rough spots, and so he will gradually lose their

respect and confidence and his organization will go to pieces.

The sales manager makes a mistake if he attempts to "put on airs" with his salesmen. If he is wise he will make them his associates, discuss personal matters as well as business affairs with them, and display a real interest in their welfare. If he expects them to be to the last degree helpful to him he must be helpful to them, and not be content with merely paying them their salaries. He should fraternize with them and study them with the idea of bringing out their individuality and getting from each man the best that is in him, both for his own good and for the good of the house. Good men do not need many orders, and they resent being hedged about with unnecessary restrictions. To the greatest extent possible they should be thrown on their own resources and held responsible for results, subject only to the general rules under which they are working. Under experienced supervision this gives them an independence of action which is sure to result advantageously, for they usually know much more about conditions in their own field than do the men at headquarters, and are consequently better able to deal with them. This policy of encouraging self-reliance develops the strong men in the organization, and makes them more valuable, while it weeds out the weak ones. With the right kind of organization, however, this weeding-out process will be practically a negligible quantity, for the men who comprise it will have been so carefully selected that few

mistakes will have been made. In the twenty-five years that we have been employing salesmen, we have been compelled to discharge only one man for failure to make good. From this it should not be imagined that our men are asleep or in a rut, for there is probably not a more capable or more aggressive set of men in the world than those who sell Galena oils. We simply exercise that care in the selection of our salesmen which every concern should use. In the selection of salesmen nothing should be considered save character and ability to sell goods. To permit any other consideration to creep in means that jealousies will be aroused and discord created where there should be perfect harmony.

In employing salesmen I have always made it a point to secure the very best men I could get. Cheap men are necessarily inefficient, else they would not be willing to work for small salaries. They should be shunned by every concern that seeks success. I don't want any of them around me. Nor have I any use for salesmen who continually come around with requests for higher pay; for men of that type are generally thinking about their salary when they ought to be thinking about how to increase their trade. Give me the man who thinks more about what he *earns* than about what he is paid, and who is always trying to earn more; for with that man the salary question solves itself. He may be underpaid for a time, but it will not be long before his salary is commensurate with his ability. The poor man may be overpaid, but it will not be long for him either,

and then he is thru. When a man joins our forces, he is told that if he does not feel that he can earn the salary agreed on for the first year, and more and more every year thereafter until he has reached the maximum that we can afford to pay for his territory, he had better not come with us at all, for we are not looking for short-term employes. Our men understand that I am the judge of their work and that they are always paid what they earn.

Not so very long ago, after I had been abroad for some months looking after our foreign trade, one of our men, who had not been with us a great while, met me and told me of a good piece of work he had done while I was away. I inquired what salary he was getting, and he told me. I told him he was entitled to more money, and asked if he had requested a raise. He said he had not, and when I asked why, he said it was because of what I had told him when he entered our employ. He said he knew that when he earned more money he would get it. I commended him for his confidence in himself and in the company, and told him I had been considering an increase in his pay, but he had gone ahead so fast in my absence that he had got ahead of me. Then I gave him a substantial raise and told him it would begin with the first of the year, which carried it back more than ten months. This prompt recognition of his ability so encouraged him, that he quickly developed into one of our very best men. This incident illustrates one of the reasons why the man at the head of a sales organization should have

sufficient authority to deal with all matters connected with his own department on his own responsibility, without referring them to some higher power and thus incur delays, which are likely to minimize the good effect of an encouraging action.

But not only must the sales executive know how to sell goods; he must also know all about his own wares, especially how they are made. He should know the factory almost as well as he knows his own office, and should be familiar with every process of manufacture employed. This knowledge should also extend to the salesmen, who can profitably spend a day or two now and then in going thru the factory, or the plant, and studying the work of the different departments. They will learn something on every trip of this kind and will gain increased confidence in their goods.

Given the conditions at headquarters which I have outlined, the following are some points that contribute to the success of a selling organization: Honesty should be its first principle. No man is a good salesman who forgets what he says, and no liar has a memory long enough to remember everything he says. If you are honest you don't have to waste a lot of time trying to recall the statements you made the last time you were around, hence you can devote all your thought to selling your goods.

Make good on every promise, stated or implied, and guard against being misunderstood. Only in this way can you gain the confidence of the man with whom you are doing business, and without such

confidence you cannot succeed. Prove yourself worthy of his confidence by proving yourself his friend. Make his interests your own and thereby make him feel that you are doing him a favor by studying his wants and selling him only goods that he really needs and can sell at a profit.

Seneca said: "In bestowing your gifts you should be as cautious as in making investments, putting them where they will do the most good." A distinguished Frenchman later said: "In bestowing your munificence do it so artistically that the recipient will feel that he is doing you a favor by accepting it." It is possible to present your goods so artistically that the buyer will consider that you are doing him a kindness in accepting his order. Just as a great painter mixes his colors with his mind, so should the salesman put brains into his arguments. The buyer will soon discover whether you are an artist or merely a dauber.

Don't try to sell anything for a dollar that is not worth a dollar. If you sell a merchant something that he does not want and that he cannot sell, you lose his confidence and destroy your usefulness. If you have a good thing, make him see it and create a market for it. Many merchants are governed more or less by fads and do not always know just what they want. To them the honest advice of an experienced salesman is worth a great deal. Cultivate the feeling that you have a mission to perform in doing good to your customers, and live up to it. In this way you will build up a steady and increasing trade and orders will come to you without great effort.

We are still selling oil to the first railroad that went on our books more than forty years ago, and many of our customers have been with us from fifteen to thirty years. We must be doing them good or they would not have stayed with us, for we never have lacked competition.

Life is short; talk up your own goods but don't waste time and nervous energy in running down a competitor's wares. Don't argue about them or permit yourself to make any comparisons. Simply give your prospective customer to understand, politely but plainly that there are only two kinds of goods—those sold by your house and those sold by all other houses—and that if he wants the best, he must buy yours, whereas if he wants the other kind he has no need for yours. You may not carry your point the first time, but pretty soon the merchants to whom you talk along this line will begin to think as you do—that your goods are in a class by themselves and that they are just what they want. Then you have gained permanent customers, and secured their trade without running down your competitors. In fact, your attitude must be that there is really no competition in the goods you handle, for the reason that no others are so good.

To strike this attitude you must have confidence in yourself as well as in your goods. Display the former by an easy, dignified manner, and be ready to prove the latter. To illustrate: When my company entered the field, our oils were so much more expensive in quantity prices than the other oils then

in general use, that the railroads would not buy them. I knew that in point of service they would prove much cheaper than the lower-priced oils, and to prove my confidence in them I offered to lubricate any railroad for one year for ninety per cent of what it had paid for oil during the previous year, without knowing, until after the contract was closed, what that price was, or what oils had been used. The confidence which this proposition implied made an impression on the railroads, and in this way we gained an opening. My claims were subsequently proved.

Naturally, this plan cannot be followed literally in every branch of trade, but there is usually some way by which the same principle—perfect confidence that your goods will do what you claim for them—can be carried into every line of salesmanship. It simply requires a little thought to apply the general idea to particular conditions. If I were selling tea, for instance, I would carry an equipment for making tea on the spot, and let the merchant satisfy himself that my tea was the best he could buy for the money. He would be impressed by my confidence and in that frame of mind might even attribute more merit to the tea than it actually possessed, but I would not take unfair advantage of that, for I would make sure that my tea was all that I claimed for it and worth all I asked for it.

Be persistent. Don't be discouraged if you fail to sell to a merchant the first time you call on him, or even the fifteenth time; rather let each failure increase your determination to succeed in the end.

If it takes you a long while to get into business relations with him, it will take someone else just as long to get you out. It took me twenty years to secure the business of one railroad, but we have had it ever since. However, don't be so insanely persistent as to insist on talking business to a man when it is plain that he is in no humor for it. When you find a man in that mental attitude, tell him you are simply making a social call and that you will visit him later, but say nothing at all about business.

There should be no discrimination among customers. In my own business the prices of our oils by the gallon, barrel or carload are precisely the same to all railroads, whether large or small, and they are so rigidly adhered to that the foreigner pays the freight on all our products that are sent abroad; and our export trade is very large. I appreciate, however, that in the ordinary run of business the large customer is entitled, by trade custom, to some consideration; but no purchaser, no matter how large his orders, should be given any advantage that is not open to everyone else who is willing to buy in as large quantities. If there is a varying scale of prices, based on the quantity or value of purchases, it should be open and known to all customers, and no temptation should be strong enough to cause a departure from it. If the established prices are ever deviated from in the slightest degree, the bars will be down and there is no telling where the discrimination will lead, tho it is likely to end disastrously. If salesmen are given any latitude at all in the matter of prices, some

of them may take advantage of it to get an order easily instead of working for it, or to favor one customer above another. It is much better to lose an order now and then than for the company to lose its self-respect and for the salesmen to be led into devious ways. A straight line is the shortest distance between two points, and that is the only path for salesmen to pursue.

Another pitfall for salesmen is the expense account. Its importance as a factor in securing business is, I am convinced, greatly exaggerated in many instances. From 1869 to 1885 I sold all the Galena oils that were marketed, and I have personally closed a great many contracts since then, so my conviction is based upon experience. Probably no one ever had a harder fight than I had in introducing our lubricants; yet I never bought a meal, nor even a drink or a cigar in order to sell a barrel of oil. When a customer visits the firm at headquarters, it is proper enough to show him courtesies and entertain him within reasonable bounds, but it is undignified, unnecessary and unwise for the man on the road to spend much money in this way. Merchants are not fools. Lavish expenditures in the form of entertainment will suggest to them that they must be paying excessive profits on their purchases, and they are likely to try some other house. If, on the other hand, they are taught that they are being given full value for their money, as should be the case, they will expect nothing more than such simple courtesies as one business man can properly extend to another.

So long as expense accounts must exist, they should be carefully watched. They should be kept within limits that will prevent them from exerting a corrupting influence upon the salesman or becoming an unreasonable drain on the company's treasury. My own judgment is that many of the items in every expense account represent altogether unnecessary expenditures. It is the general rule that the first-class salesman has a smaller expense account than the inferior man. This can be attributed, for one reason, to the fact that he has better judgment.

Excessive accounts of this kind loom large in the efficiency record on which promotions and increases of salary are based. Salary and expenses are considered together in computing the cost of each man's sales, and the house always knows who is securing the best results with the smallest expense ratio; in other words, who is earning the most money for the concern. Ambition, therefore, as well as an interest in the success of the firm, should prompt salesmen to avoid all expenditures that are not both legitimate and necessary.

The successful supervision of salesmen is an art which, if not due to inborn qualities, can be acquired only thru much study and close observation, and then only by a man who is a well-advanced student of human nature. Too strict supervision is almost certain to degenerate into nagging, which no good salesman will stand any longer than he is compelled to, and under which he cannot produce the best results of which he is capable. Too little supervision

is likely to breed carelessness, which gradually, but surely, decreases the efficiency of the whole force. With the right kind of salesmen and the right sort of man at their head, to direct them in a general way and suggest new methods of securing business, few rules are necessary, but the men should be made to understand that they are always under observation; that they never are forgotten or lost sight of, even tho there should be long intervals in which they do not hear from headquarters except in a routine way.

The salesman should report to headquarters every day. If he has no orders to send in, he should report by card, telling where he is and where he will be when the card reaches the office, so that he can be reached promptly if necessary. At the end of each week he should send in a detailed report of his work for the week. These reports should be compared with previous ones from the same territory. So long as they are satisfactory there should be nothing but commendatory comment, but the moment they show a falling off in business, which is not clearly and satisfactorily explained, the salesman should be called to a further account and if necessary criticised. From these reports efficiency records should be compiled in such form that they will show at a glance the business of every salesman for every year and the cost ratio, including salary and expenses, at which such business was secured, together with any necessary notations as to unusual conditions.

In making these reports we have used, with very satisfactory results, a unique manifolding book made

by the General Manifold and Printing Company of Franklin, Pa. This arrangement permits as much information as is desired to be printed on the blanks and the balance to be filled in by the salesman. With one operation of the pencil and with no carbon sheets to arrange, he can make as many as five copies. Under our system, one copy of the report goes to the sales department, another to the manufacturing department, while a third is kept by the salesman for his own files. By means of these reports the salesman has constantly at his elbow a complete record of his business, by referring to which he is frequently stimulated to greater endeavor.

Some concerns issue monthly or quarterly lists of their salesmen, arranged in order according to the volume of their sales, and sometimes with the names of the first five or ten printed in red, the more prominently to distinguish them from their less successful fellows. The purpose is, of course, to promote rivalry and spur on those who are not among the leaders, at the same time making it a matter of pride with those who are at the top of the list to stay there. I believe this scheme frequently proves a drag rather than an incentive. Total sales mean nothing when made the basis for comparisons of this kind, for it is impossible to divide territories so evenly that each man will have the same opportunity. Those who, thru no lack of ability or energy but because of conditions entirely beyond their control, are registered for several successive months toward the bottom of the list, are likely to lose much of their enthusiasm

and to go backward instead of forward; for no man can long stand still at anything. They may conclude that they are not in a class with the top-notchers and that they can never hope to get there, whereas they may really be doing better work than those whose names are displayed in crimson. The latter, at the same time, are also liable to get into a rut and do only so much as is required to retain their positions, instead of exerting their best efforts all the time. It is only the exceptional man who has enough grit to overcome this sort of handicap, and it ought not, therefore, to be imposed. It should not be a question of whether John Smith, with a small and thickly settled territory, which involves little loss of time in traveling, is sending in more orders than Thomas Brown, who has a wide field to cover and who is compelled to spend much of his time in travelling from one city to another. Rather the question should be whether each of them is getting all the business that can be secured in his territory, and on a satisfactory margin of profit. These are things which the officer in charge of the organization should always know, and whether he commends or criticises, it should be in private.

The best way I know to keep a selling organization up to the highest mark of efficiency, is to bring all the men together once a year in a confidential convention for a heart-to-heart talk. Every member of the firm should address them encouragingly, and their chief should review the work of the past year and tell them of his plans for the coming twelve months. He can,

if he wishes, compliment those of his men whose work has entitled them to special recognition, but it should be done in a way that will stimulate ambition rather than engender jealousy. Some man, because of obstacles he has overcome, may be more deserving of praise than another who has done ten times as much business.

At such a meeting the salesmen should be asked to tell of the chief difficulties they encountered during the year, and how they surmounted them. This will lead to a general discussion of methods as applied to conditions that are out of the ordinary, and is certain to result beneficially to every one of the selling force, and to the firm. Each man will learn something from the interchange of ideas, and the closer acquaintance will promote harmony and advance the common interests toward which all are working. If a question of salesmanship comes up which none of the men can answer satisfactorily, the man at the head of the organization should be able to answer it promptly and clearly, and where several methods are suggested for meeting a given situation he should have the experience that will qualify him to decide on the best one. It is at such meetings that he can best display his superior knowledge of the art of salesmanship in the most helpful way.

Salesmen should be impressed with the idea that they not only do represent the company but in many cases they *are* the company in their own territory. Merchants in remote parts of the country may never meet the members of the firm, but they are well

acquainted with Samuel Jones, who sells the firm's goods and calls on them regularly. If Mr. Jones is a gentleman always—clean and neat in his appearance, prompt in keeping his appointments, aggressive, courteous, frank, and tactful—his firm is regarded as a high-class institution and one with which it is entirely safe to do business. On the other hand, if he is slovenly in his attire, careless in conversation and unbusinesslike in his methods, his firm will stand in the same light, and be shunned. Firms are judged by their agents, and it is better to have one good salesman than a dozen inferior ones.

The editor of a certain national magazine, in interviewing a well known advertising man, asked the question: "Who is the greatest salesman you ever knew?" The answer was: "Theodore Roosevelt; because he knows how to get people *in the notion of things*."

I may not be a Roosevelt man exactly, but I admire anyone who can do that. Roosevelt's *directness*, and his vivid intensity, suiting the action to the word without parleying, is what won him results. This is the basis of all salesmanship—and salesmanship is the genius, not only of this age, but of all ages. Moses was a salesman. So were Caesar and Napoleon. So were Luther and Father Damien. So was Lincoln—all salesmen.

A salesman is like a tree—the result of good seed planted in good ground. The tree must be well cared for, and if it is to bear more fruit year by year, it must be trimmed now and then—but never with an axe.

Edwards Heller

UTL AT DOWNSVIEW
D RANGE BAY SHLF POS ITEM C
39 11 11 04 13 011 7